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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X	
In re:) Chapter 11
)
GENERAL MOTORS CORP., <i>et al.</i> ,)
) Case No. 09-50026 (REG)
Debtors.) Jointly Administered
-----X	
THE HONORABLE ROBERT E. GERBER	
UNITED STATES BANKRUPTCY JUDGE	

**OBJECTION AND RESERVATION OF RIGHTS OF CSX TRANSPORTATION,
INC. TO NOTICE OF (I) DEBTORS' INTENT TO ASSUME AND ASSIGN
CERTAIN EXECUTORY CONTRACTS, UNEXPIRED LEASES OF PERSONAL
PROPERTY, AND UNEXPIRED LEASES OF NONRESIDENTIAL
REAL PROPERTY AND (II) CURE AMOUNTS RELATED THERETO**

CSX Transportation, Inc. ("CSX"), by and through its undersigned counsel, hereby asserts its Objection and Reservation of Rights to Notice of (I) Debtors' Intent to Assume and Assign certain Executory Contracts, Unexpired Leases of Personal Property, and Unexpired Leases of Nonresidential Real Property And (II) Cure Amounts Related Thereto

(a "Cure Notice"),¹ and respectfully states as follows:

Background

1. On June 1, 2009, the above captioned debtors (the "Debtors") filed their Motion for Entry of an Order Pursuant to 11 U.S.C. §§ 105, 363, and 365 and FED. R. BANKR. P. 2002, 6004, and 6006 (I) Approving Procedures For Sale of Debtors' Assets Pursuant to Master Sale and Purchase Agreement with Vehicle Acquisition Holdings LLC, a U.S. Treasury-Sponsored Purchaser; (II) Scheduling Bid Deadline and Sale Hearing Date; (III) Establishing Assumption and Assignment Procedures; and (IV) Fixing Notice Procedures and Approving Form of Notice (the "Motion").

2. An order approving the Motion was entered on June 2, 2009 [Docket No. 274] (the "Order"). The Order approved certain procedures for the assumption and assignment of executory contracts and unexpired leases. Upon information and belief, pursuant to those procedures, the Debtors have provided notice to executory contract counterparties of the Debtors intent to assume and assign the counterparty's executory contract along with a proposed cure amount.

3. Upon information and belief, the Debtors intend to assume and assign (a) a Rail Transportation Contract, Vehicles, Contract Number CSXT 84325, dated July 15, 2008 (as amended, the "Automobile Agreement"), between CSX and the Debtors, and (b) the Rail Transportation Contract, Inbound Parts and Raw Materials, Contract Number CSXT 84324, dated July 15, 2008 (as amended, the "Parts Agreement," and together with the Automobile Agreement, the "CSX Freight Contracts"), between CSX and the Debtors.

¹ Capitalized terms used but not defined herein shall have the meanings given them in the Cure Notice found as Exhibit D to the Order Pursuant to 11 U.S.C. §§ 105, 363, and 365 and FED. R. BANKR. P. 2002, 6004, and 6006 (I) Approving Procedures For Sale of Debtors' Assets Pursuant to Master Sale and Purchase Agreement with Vehicle Acquisition Holdings LLC, a U.S. Treasury-Sponsored Purchaser; (II) Scheduling Bid Deadline and Sale Hearing Date; (III) Establishing Assumption and Assignment Procedures; and (IV) Fixing Notice Procedures and Approving Form of Notice [Docket No. 274].

4. The Debtors and CSX or a CSX affiliate are parties to hundreds of unexpired real estate leases in the form of side track agreements, road crossings and various easements such as for wires, pipes and cables (the "Real Estate Leases," and collectively with the CSX Freight Contracts, the "CSX Contracts").

5. Upon information and belief, the Debtors may assert that they have sent one or more Cure Notices to CSX dated on or after June 2, 2009.² As of the date of this Objection, CSX has not received a Cure Notice with respect to either CSX Freight Contract and has received a Cure Notice for only one of the Real Estate Leases.

6. CSX contacted The Garden City Group, Inc. in order to obtain its username and password for the website <http://www.contractnotices.com> (the "Website") to determine if the CSX Contracts are slated for assumption and assignment to Vehicle Acquisition Holdings LLC ("Vehicle Acquisition Holdings") pursuant to section 365 of the Bankruptcy Code. However, CSX has not been able to obtain its username and password and cannot access information on the Website to determine whether the CSX Contracts are proposed to be assumed and assigned to Vehicle Acquisition Holdings.

Relief Requested

7. It is not clear if the Debtors are currently seeking to assume and assign the CSX Contracts to Vehicle Acquisition Holdings because CSX has not been able to confirm receipt of a Cure Notice³ nor has CSX been able to access information on the Website. As such, CSX files this objection to the extent the Debtors are seeking to assume and assign the CSX Contracts at this time and to any proposed cure amount to the extent such

² This date reflects the date of entry of the Order approving the assumption and assignment procedures. Cure information for the single Cure Notice CSX did receive was not available on the Website.

³ Other than a Cure Notice for a single Real Estate Lease.

proposed cure amount⁴ is less than what is reflected on CSX's books and records as set forth below. In the event the Debtors are not currently seeking to assume and assign the CSX Contracts, CSX hereby reserves all of its rights under the CSX Contracts.

8. Prepetition, CSX provided services to the Debtors pursuant to the Automobile Agreement. Approximately \$13,143,865 is due and owing to CSX under the Automobile Agreement for these prepetition services. The amount due under the Parts Agreement for prepetition services is \$642,524. The prepetition amounts due under the CSX Contracts total \$13, 786,389 (the "Prepetition Charges"). An aggregate listing of the Prepetition Charges is more fully set forth in the chart attached hereto as Exhibit A.

9. In addition to the Prepetition Charges, the Debtors are also indebted to CSX for services provided by CSX under the CSX Freight Contracts postpetition. As of the date of this Objection, the postpetition amount due to CSX under the Automobile Agreement will be at least \$1,604,959. As of the date of this Objection, the postpetition amount due to CSX under the Parts Agreement will be at least \$104,004. In addition, as CSX continues to provide service under the CSX Freight Contracts on a postpetition basis, postpetition charges continue to accrue. As of the date of this Objection, the aggregate postpetition amounts due under the CSX Contracts total \$1,708,963 (the "Liquidated Postpetition Charges").⁵ An aggregate listing of the Liquidated Postpetition Charges is more fully set forth in the chart attached hereto as Exhibit B. The Liquidated Postpetition Charges, along with any other outstanding postpetition charges that are due and owing as of the effective date of assumption, are referred to herein as the Postpetition Charges.

⁴ Because CSX cannot access information on the Website, any proposed cure amount that may exist is unknown to CSX.

⁵ The Liquidated Postpetition Charges have been billed to the Debtors, but are not yet due to CSX as these amounts are within the credit terms of the CSX Contracts.

10. CSX is in the process of reviewing its records to determine what amounts, if any, are due and owing CSX under the Real Estate Leases. Amounts due under the Real Estate Leases, along with the Prepetition and Postpetition Charges, are referred to herein as the Cure Amount.⁶

11. The failure to pay the Cure Amount is a monetary default which must be cured under section 365(b)(1)(A) of the Bankruptcy Code if the Debtors are seeking to assume the CSX Contracts. CSX objects to any attempted assumption and assignment of the CSX Contracts without the prompt payment of the Cure Amount. All amounts due and owing under the CSX Contracts on the effective date of assumption must be paid prior to or on the effective date of the assumption and assignment of the CSX Contracts. To the extent the Debtors or Vehicle Acquisition Holdings fail to pay the Cure Amount, CSX objects to the assumption and assignment of the CSX Contracts for failure to comply with section 365(b)(1)(A) of the Bankruptcy Code.

12. To the extent that the Debtors are not currently seeking to assume and assign the CSX Contracts, CSX hereby reserves all of its rights with respect to the CSX Contracts.

CONCLUSION

WHEREFORE, for the reasons stated herein, CSX Transportation, Inc., by counsel, A) objects to the assumption and assignment of the CSX Contracts to the extent the Debtors seek to assume and assign the CSX Contracts without paying the Cure Amount in full prior to or on the effective date of assumption, and B) reserves all rights with respect

⁶ The Cure Amount does not take into account any off-sets that either the Debtors or CSX may be permitted to assert pursuant to the terms of the CSX Contracts or applicable law.

to the CSX Contracts to the extent that the Debtors do not currently seek to assume and
assign the CSX Contracts.

Dated: June 11, 2009

Respectfully submitted,

S/ Shawn R. Fox

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